

BEFORE THE SECURITIES COMMISSIONER

STATE OF COLORADO

Case No. XY 15-CD-02

STIPULATION FOR CONSENT CEASE AND DESIST ORDER
CONCERNING FIFTH AUSTIN FUNDING, LLC; FOURTH AUSTIN
FUNDING, LLC; THIRD AUSTIN FUNDING, LLC; AUSTIN FUNDING
TWO, LLC; AUSTIN FUNDING, LLC; AND WILLIAM C. SCHLAPMAN

IN THE MATTER OF FIFTH AUSTIN FUNDING, LLC; FOURTH AUSTIN
FUNDING, LLC; THIRD AUSTIN FUNDING, LLC; AUSTIN FUNDING
TWO, LLC; AUSTIN FUNDING, LLC; AND WILLIAM C. SCHLAPMAN

Respondents

The Staff of the Division of Securities ("Staff") by and through counsel, the Colorado Attorney General, and Fifth Austin Funding, LLC; Fourth Austin Funding, LLC; Third Austin Funding, LLC; Austin Funding Two, LLC; Austin Funding, LLC (collectively "Austin Funding") and William Schlapman ("Schlapman"), by and through counsel, Gary Davenport and Kyle Davenport, hereby enter into this Stipulation for Consent Cease and Desist Order in this matter as follows:

1. On September 26, 2014, the Staff filed its Verified Petition for Order to Show Cause Directed to Fifth Austin Funding, LLC; Fourth Austin Funding, LLC; Third Austin Funding, LLC; Austin Funding Two, LLC; Austin Funding, LLC; and William C. Schlapman ("Verified Petition"). The Staff alleged that all respondents offered and sold securities in and from the State of Colorado without registering such securities in violation of § 11-51-301, C.R.S.

2. Pursuant to the Verified Petition, the Securities Commissioner issued an Order to Show Cause why the Commissioner should not enter a final order directing each of the respondents to cease selling securities in the State of Colorado, and imposing such other terms, conditions and sanctions as provided in § 11-51-606(1.5)(d)(IV), C.R.S.

3. As provided in the Order to Show Cause, a hearing was scheduled for October 16, 2014 at 10:30 A.M. That hearing has not been held

and the Securities Commissioner has not yet entered a final order pursuant to § 11-51-606(1.5)(d)(IV), C.R.S.

The Staff and Respondents Austin Funding and Schlapman desire to resolve this matter without further litigation and prior to the entry of a final order by the Securities Commissioner, and hereby stipulate and agree as follows:

4. The Securities Commissioner has jurisdiction over Respondents Austin Funding and Schlapman and the subject matter of this action.

5. Respondents Austin Funding and Schlapman agree to the entry of a Consent Order in the form attached hereto as Exhibit A and incorporated by reference.

6. By entering into this Stipulation, the Respondent neither admits nor denies the allegations contained within the Verified Petition or the findings in the Consent Order.

7. Respondents Austin Funding and Schlapman understand that they have the right to notice and a formal hearing pursuant to §§ 11-51-606(1) and (1.5), C.R.S., the right to be represented by counsel of their choice, the right to present a defense through oral or documentary evidence, and to cross-examine witness, and to findings required by § 11-51-606(1.5), C.R.S. at such hearing. By entering into this Stipulation, Respondents Austin Funding and Schlapman expressly waive the rights set forth in this paragraph 6, and further waive the right to seek judicial review of the Cease and Desist Consent Order entered pursuant to this Stipulation.

8. Respondents Austin Funding and Schlapman acknowledge that they have entered into this Stipulation voluntarily, after the opportunity to consult with counsel, and with the understanding of the legal consequences of this Stipulation and Consent Cease and Desist Order.

9. Respondents Austin Funding and Schlapman hereby waive the findings required by § 11-51-606(1.5)(d)(IV), C.R.S.; and pursuant to § 11-51-704(2), C.R.S., Respondents Austin Funding and Schlapman do not contest that the entry of this Consent Cease and Desist Order is necessary and appropriate in the public interest and is consistent with the purposes and provisions of the Act.

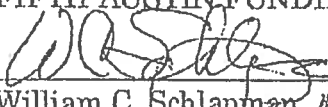
10. Respondents Austin Funding and Schlapman agree that the execution of this Stipulation and the entry of the Consent Cease and Desist Order resolves only the relief sought in the Verified Petition pursuant to § 11-

51-606(1.5)(d)(IV), C.R.S. as to Respondents Austin Funding and Schlapman, and does not preclude any claim for relief that the Staff or the Commissioner may assert under any other provision of the Act.

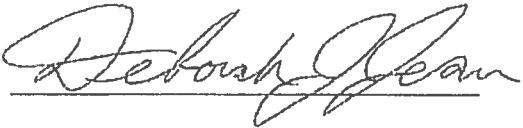
11. By consenting to the entry of the Order, Respondents Austin Funding and Schlapman agree not to take any action or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding or Conclusion in the Order or creating the impression that the Order is without factual basis. Provided, however, that nothing in this Stipulation shall prevent Respondents from asserting any defenses in subsequent court proceedings regarding any Finding or Conclusion contained in the Order. Respondents Austin Funding and Schlapman shall take all necessary steps to ensure that all of their agents and employees understand and comply with this agreement.

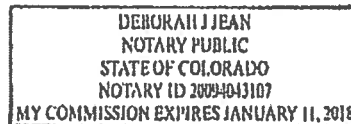
12. Respondents Austin Funding and Schlapman further acknowledge that any violation of this Stipulation or Consent Order, when issued, may constitute grounds for further sanctions and formal proceedings against them for such violations.

FIFTH AUSTIN FUNDING, LLC

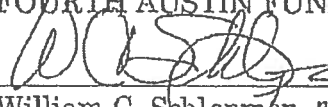

William C. Schlapman, *manager*
on behalf of Fifth Austin Funding, LLC

Subscribed and sworn before me this 15 day of October, 2014 by William C. Schlapman, on behalf of Fifth Austin Funding, LLC.





FOURTH AUSTIN FUNDING, LLC


William C. Schlapman, *manager*
on behalf of Fourth Austin Funding, LLC

Subscribed and sworn before me this 15 day of October, 2014 by William C. Schlapman, on behalf of Fourth Austin Funding, LLC.

Deborah Jean

DEBORAH J JEAN
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20094043107
MY COMMISSION EXPIRES JANUARY 11, 2018

THIRD AUSTIN FUNDING, LLC

William C. Schlapman

William C. Schlapman, *manager*
on behalf of Third Austin Funding, LLC

Subscribed and sworn before me this 15 day of October, 2014 by
William C. Schlapman, on behalf of Third Austin Funding, LLC.

Deborah Jean

DEBORAH J JEAN
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20094043107
MY COMMISSION EXPIRES JANUARY 11, 2018

AUSTIN FUNDING TWO, LLC

William C. Schlapman

William C. Schlapman, *manager*
on behalf of Austin Funding Two, LLC

Subscribed and sworn before me this 15 day of October, 2014 by
William C. Schlapman, on behalf of Austin Funding Two, LLC.

Deborah Jean

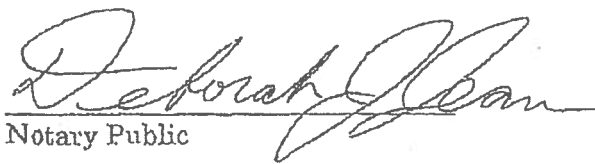
DEBORAH J JEAN
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20094043107
MY COMMISSION EXPIRES JANUARY 11, 2018

AUSTIN FUNDING, LLC

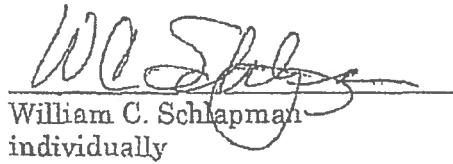
William C. Schlapman

William C. Schlapman, *manager*
on behalf of Austin Funding, LLC

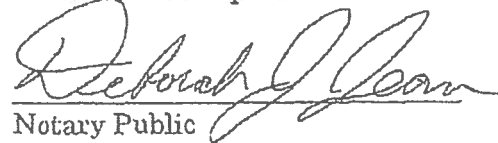
Subscribed and sworn before me this 15 day of October, 2014 by
William C. Schlapman, on behalf of Austin Funding LLC.


Notary Public

DEBORAH JEAN
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20094043107
MY COMMISSION EXPIRES JANUARY 11, 2018



William C. Schlapman
individually

Subscribed and sworn before me this 15 day of October, 2014 by
William C. Schlapman.


Notary Public

DEBORAH JEAN
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20094043107
MY COMMISSION EXPIRES JANUARY 11, 2018

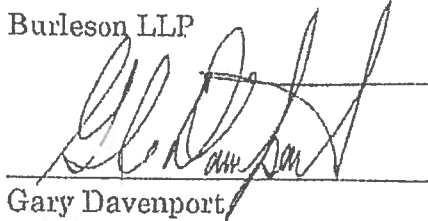
THE STAFF OF THE DIVISION OF SECURITIES


Lillian Alves
Deputy Securities Commissioner

10/15/14
Date

APPROVED AS TO FORM:

Burleson LLP



Gary Davenport
Kyle Davenport
1700 Lincoln Street, Suite 1300
Denver, Colorado 80203
Telephone: (303) 801-3200
Facsimile: (303) 801-3201

Counsel for Respondents

JOHN SUTHERS
Attorney General



Charles J. Kooyman
Assistant Attorney General
Business and Licensing Section
1300 Broadway, 8th Floor
Denver, Colorado 80203
Telephone: (720) 508-6440
Facsimile: (720) 508-6037

Counsel for the Colorado
Division of Securities